

# King County Quarterly Economic Measures

## Third Quarter, 1999

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# **King County Quarterly Economic Measures**

## **Third Quarter, 1999**

### **Executive Summary**

As part of its 1999 special programs contract with the Office of Budget and Strategic Planning, the Central Puget Sound Economic Development District (EDD) produces quarterly reports on national and county economic measures. This document is an executive summary of the third quarter, 1999 report. Anyone desiring copies of the full 25-page report should contact Ray Moser, Manager, Economic Development Program at 205-0707.

#### *The Nation*

##### **U.S. Economic Measures**

U.S. economic growth strengthened in the third quarter, as the gross domestic product (GDP) increased at a 4.8% annual pace. This is up from a revised 1.9% annual rate in the second quarter. Growth increased due to a sharp increase in business investment; consumer growth declined slightly but remained strong. For the most recent twelve months, GDP grew 4.1%, up slightly from the 3.9% pace of growth in the year ending third quarter 1998. Annual real GDP growth has ranged between 2.7 and 4.5% the past five years.

The Federal Reserve Board raised interest rates in August after raising them at the end of June. The Board raised the federal funds rate, the rate at which banks borrow from each other, to 5.25% in August after raising them at the end of June (5.0%). Also rising were the prime rate to 8.25% (averaging 8.1% for the quarter) and discount rate to 4.75% (averaging 4.6% for the quarter). With the perceived threat of the economy overheating, the Fed reportedly is leaning towards raising interest rates again in November.

Despite the continued economic expansion, there appears to be little sign of price inflation. The implicit price deflator rose slightly in the third quarter (0.9% annual rate) and in the twelve months ending third quarter 1998 (1.3%). The third quarter Consumer Price Index rose at an annual rate of 2.5%, due primarily to rising oil prices. The CPI has risen rising 2.3% during the previous twelve months. This was higher than the previous 12-month period (1.6%). The CPI core rate, which excludes volatile food and energy prices, rose at a low 1.3% annual rate in the third quarter.

A strong economy and rising interest rates have led to higher mortgage rates. Rates reached their peak for the quarter in late July and early August, when the national average effective interest rate for new homes rose to just above 7.25%. According to Freddie Mac, average rates on a 30-year fixed rate mortgage rose to nearly 8.0% in the third quarter. This represents the high water mark for the year to date, although still well below historic highs. Mortgages on homes in the Puget Sound region continue to parallel national trends, albeit at slightly higher rates on average.

## **Industrial/Manufacturing Measures**

U.S. manufacturing continued strong growth in the third quarter. Investment in businesses in producers' durable equipment (equipment and software) grew strongly in the third quarter (21.7% annual rate). Non-farm inventories grew \$32.3 billion, more than double the second quarter increase, though still below the highs of the past two years.

Industrial production remained strong in the third quarter (3.6% annual growth rate) even with the slowdowns caused by Hurricane Floyd. Capacity utilization showed little sign of inflation, growing slightly (to 80.5%), though this was also muted due to Hurricane Floyd.

## **Income Measures**

Income growth has declined for three straight quarters, indicating a slowing economy. Per capita disposable personal income increased at a 1.4% annual rate in the third quarter, down from 2.3% in the second quarter. For the twelve-month period ending in third quarter 1999, personal income rose 2.7%, down from the 3.3% gain the previous twelve months.

## ***The Region***

### **Economic Activity**

Price levels in the region rose only slightly in the third quarter of 1999. The consumer price index (CPI) for the western U.S rose at a low 1.9% annual rate in the third quarter and 2.9% in the twelve month period. This was than slightly less than the 2.8% rise in the previous twelve months. The estimated CPI for the Seattle metro area rose at a 2.8% annual rate; up 2.9% over the twelve-month period. The area CPI has risen between 2.9% (1998) and 3.5% (1997) in the past five years.

Area bankruptcy filings fell to their lowest levels in over three years. King County bankruptcies were down both from second quarter (-9.7%) and third quarter 1998 (-12.9%). Bankruptcies in the four-county region were down 9.0% both from the previous quarter and from 3<sup>rd</sup> Quarter 1998.

New business starts within Seattle rose sharply in the third quarter of 1999, up nearly 60% over the previous quarter and by 36.4% over the third quarter of 1998. The total number of new business starts per quarter is the highest since first quarter 1998.

Electrical power consumption remained essentially flat in the third quarter at 2.08 billion kilowatt hours billed, down 0.9% from 12 months earlier.

Air traffic at SeaTac continues to follow a long run trend of steady growth. The total number of passengers passing through the airport in the third quarter of 1999 was up 7.0% from the same period one year earlier, while air cargo volumes rose 7.9%.

Container traffic at the Port of Seattle has fallen off the pace set earlier in the year, chiefly due to the loss of Hyundai Merchant Marine Co. to the Port of Tacoma in May. Compared to the same period last year, waterborne trade was down 12% in July, 17% in August, and 15.7% in September. Year-to-date, total volume is down 1.5%.

#### Convention Information

The number of conventions and events held in King County during the third quarter of 1999 was down 23% from the third quarter of 1998. Total room nights, a measure of the volume of tourist and business traffic, declined by over 30% from the same period last year. Rebounding from a first quarter decline, local room taxes collected during the second quarter of 1999 were up 6.7% from the same period last year. Local room tax per event, a proxy measure for delegate expenses, was down 4.9% from the same period twelve months earlier.

### **Taxable Retail Sales**

Taxable retail sales in King County rose 8.0% overall in the second quarter of 1999. Among the major sectors, construction led the way for the fifth consecutive quarter with an increase of 16.3%. Transportation, communications, and utilities followed closely with gains of 12.7%. Computer services, consistently a strong component of business services, was up 14.5% over the same quarter one year earlier. Retail trade increased by 7.8%, driven by strong growth in sales of furniture, appliances and electronics (19.7%). Finance, insurance and real estate fell behind the overall average at 6.9%, and manufacturing declined for a third straight quarter, down by 5.3%.

Taxable retail sales in the City of Seattle rose slightly higher than the county overall, up 11.8% in the second quarter of 1999. Sales in construction led, up 19.1%. In contrast to King County, manufacturing actually increased by 13.4%. Growth was otherwise spread evenly, with all major sectors paralleling the overall average. Within the retail trade sector, two areas of note were apparel, which was up 25.1% over the same period last year, and furniture, which grew by 19.4%.

### **Employment**

The unemployment rate in King County rose slightly, from 3.1% to 3.2%, in the third quarter. Since March 1997, the unemployment rate has been remarkably stable, ranging from 2.8% to 3.4%. The unemployment rate for all of Washington State was unchanged at 4.5% in the third quarter, slightly above the quarterly average for the U.S. as a whole (4.2%).

Average monthly initial unemployment claims in the second quarter of 1999 were up 14.7% over the same period last year; the number of unemployment beneficiaries rose 16.4%. About half of those previously employed in manufacturing held aerospace industry jobs. Within the nonmanufacturing sector, wholesale and retail trade and services accounted for the majority of new beneficiaries. The number of nonagricultural wage and salary workers grew by 1.9% in the third quarter of 1999. Goods-producing industries were down by 2.6%; services-producing industries up by 2.1%. Manufacturing employment declined by 7.3%, led by job losses in transportation equipment (down 13.9%). Nonmanufacturing employment was marked by continued growth in construction

(6.2%) and in the computer and data processing component of business services (up by 10% over the same quarter last year).

### **Job Dislocation Activity**

Job losses due to firm closures or workforce consolidation during the past year continue to be dominated Boeing layoffs. The King County Reemployment Center recorded an additional 3,409 workers laid off from the end of May to the end of September; bringing to 14,315 the number of dislocated workers attributed to the aerospace giant since mid-1998. Job losses year-to-date have already exceeded twice the number of dislocated workers recorded in all of last year.

Reductions in the manufacturing workforce during the third quarter of 1999 include 250 jobs at Thomas & Betts in Kent, 127 jobs at Crescent/U.S. Mat in Woodinville, 100 aerospace manufacturing jobs at Eldec in Lynnwood, 94 jobs at the Kendall Company in Bothell, and an additional 85 jobs in Redmond, 70 at Metawave Communications and 15 at ElectroImpact. A number of jobs were lost in warehouse and distribution: 117 at WOSCA Transportation in Kent, 100 at K&N Meats in Renton and Kent, and 38 at the Seattle Times in Seattle. A total of 62 customer service positions were eliminated at Reliance Insurance Co. of Kent, First Union Mortgage in Bellevue, and Budget Rent A Car in SeaTac.

### **Boeing and Airline Industry Data**

The largest job losses in the central Puget Sound region continue to come from ongoing layoffs at Boeing. Workforce reductions have averaged about 1300 per month since mid-1998. Boeing employment in the third quarter of 1999 declined by 17.9% compared to the third quarter of 1998. However, Boeing contractual backlogs also declined during the third quarter, down by 16.3% from the same period one year earlier. Backlogs in the commercial airplane division significantly declined, down by 18.5%. The market outlook for new airplanes remains positive. Although net earnings for domestic carriers may have peaked last year, U.S. airlines continue to enjoy record profits.

### **Wages**

King County had strong wage growth in the fourth quarter of 1998. (Fourth quarter 1998 data is the most recent available). The monthly average wage in King County grew 6.7% from the previous quarter. Monthly wages were highest in finance, insurance and real estate, which rose 10.8%. Fourth quarter wage levels in services and in mining were almost as high. The monthly average wage in agriculture, forestry and fishing showed the most improvement over the previous quarter, up by 29.1%. According to a report by the Puget Sound Regional Council, total wages in the region increased nearly three times faster than the total number of jobs from 1995 to 1998. Wages grew most rapidly in the services sector, which includes the software industry. As of third quarter 1999, software surpassed aerospace as the largest source of personal income in the region. Over the three-year period 1995-1998, average wages in services jobs increased 14.9% compared to 2.1% for manufacturing jobs.

## **Real Estate**

### Construction

In spite of higher interest rates, new home sales in King County continued to surge in the third quarter of 1999, up 63.7% over the same period last year. When sales of existing homes are included, total home sales rose a more modest 2.5%. Strong demand means higher prices—the average sales price of new and existing homes rose 14.1% from the same period one year earlier. Considered separately, the average sales price for new homes increased by 26.2%.

The number of commercial and industrial permits issued in the third quarter declined by 12.1%, although the dollar value of non-residential construction rose almost 50% from the same period last year. In contrast, although the value of residential construction was down by 23.4% from the third quarter of 1998, the number of building permits issued for existing units was up by 7.4%, and for new residential construction by 31.1%. At the same time, the total number of new units built, which includes both apartments and single-family homes, remained largely unchanged from one year earlier.

### Office Market

The office market in the Puget Sound region continues to be one of the most active in the nation, characterized by strong demand and aggressive development. Demand for office space—especially high tech—is greatest in downtown Seattle, where the vacancy rate has fallen to an historic low of 2.6%. With so few vacancies, average lease rates for Class A space have now risen above \$29 per square foot. The market is expected to ease somewhat as some of the more than 2.9 million square feet of office space currently under construction becomes available. On the Eastside, the vacancy rate rose in the third quarter to 4.3%. However, this was not due to any slackening of demand, but to the addition of another 500,000 square feet of new office space, with 4.7 million more square feet proposed or under construction.

### Industrial Market

The vacancy rate for industrial space in the Puget Sound region in the third quarter of 1999 was 4.1%, its lowest level since 1990. While 1.8 million square feet of new space was added, the pace of new construction has leveled off. According to CB Richard Ellis, there was a slackening of demand for high tech space in the third quarter. Much of the new demand was instead for warehouse and distribution space, driven in part by the growth of online retailers. Kent Valley and the Eastside both had vacancy rates of 4.9%; in Seattle the vacancy rate for industrial space was a mere 1.7%. As the market tightens, lease rates in some markets are finally beginning to edge upward. In the Kent Valley market, the average monthly lease rate is now just over 35 cents per square foot; on the Eastside, the average rate is now just above 60 cents. Average lease rates in Seattle remain unchanged at 45 cents per square foot.

### Retail Market

The retail market in the first half of 1999 has remained relatively quiet after a flurry of construction late last year. Much of the recent retail development has focused on the redevelopment of existing buildings. Net absorption was way down in comparison with recent quarters, virtually flat in downtown Seattle and north of the ship canal, slightly

higher in the Southend and on the Eastside. Vacancy rates edged slightly higher overall, with Bellevue the one exception. New, up-market venues in Bellevue and Seattle have driven average lease rates slightly higher in those areas, as much as \$2.50 more per square foot on the Eastside.

#### Apartment Market

The three-year trend in rising apartment rents and diminishing vacancy rates may be at last be coming to an end. Demand is slowing, as migration to the Puget Sound region is slowing, and many former renters have taken advantage of low interest rates and become homeowners. At the same time, the supply of housing has grown as long-planned property developments reach completion. According to Dupre & Scott's *Apartment Development Report*, more new apartment units will open in the Puget Sound region in 1999 than at any time since 1991. The result has been rising vacancy rates. Rents, meanwhile, have remained relatively flat so far in 1999, after rising sharply in the previous two years.

## US ECONOMIC MEASURES

### OUTPUT and INFLATION

	1998		1999		
	III	IV	I	II	III
<b>Real GDP</b>	\$8,536.0	\$8,659.2	\$8,737.9	\$8,778.6	\$8,882.6
<b>GDP growth</b>	\$78.8	\$123.2	\$78.7	\$40.7	\$104.0
<b>% change in GDP from previous quarter</b>	0.9%	1.4%	0.9%	0.5%	1.2%
<b>Annualized growth rate</b>	3.8%	5.9%	3.7%	1.9%	4.8%
<b>Current-dollar GDP</b>	\$8,797.9	\$8,947.6	\$9,072.7	\$9,146.2	\$9,276.3
<b>GDP growth</b>	\$114.2	\$149.7	\$125.1	\$73.5	\$130.1
<b>% change in GDP from previous quarter</b>	1.3%	1.7%	1.4%	0.8%	1.4%
<b>Annualized growth rate</b>	5.4%	7.0%	5.7%	3.3%	5.8%
<b>GDP Implicit Price Deflator</b>	103.1	103.3	103.8	104.2	104.4
<b>Annualized growth rate</b>	1.5%	1.0%	2.0%	1.4%	0.9%
<b>Consumer Price Index</b>	163.4	164.0	164.6	166.2	167.2

### INTEREST RATES

	1998		1999		
	III	IV	I	II	III
<b>1 yr T-Bill</b>	4.84	4.20	4.44	4.62	4.87
<b>3 yr T-Bond</b>	5.11	4.41	4.87	5.35	5.71
<b>10 yr T-Bond</b>	5.20	4.67	4.98	5.54	5.88
<b>30 yr T-Bond</b>	5.47	5.11	5.37	5.80	6.04
<b>Discount Rate</b>	5.00	4.66	4.50	4.50	4.60
<b>Federal Funds Rate</b>	5.53	4.86	4.73	4.75	5.09
<b>Prime Rate</b>	8.50	7.92	7.75	7.75	8.10
<b>Average Mortgage Rate : United States</b>	7.05	6.84	6.91	6.92	7.16
<b>Average Mortgage Rate : Seattle</b>	7.07	6.81	6.87	7.01	7.18

**NOTES:**

GDP figures for third quarter 1999 are advance estimates, released October 28, 1999. Other GDP figures are revised.

Real GDP: Gross Domestic Product in (U.S. billions) 1996 dollars.

GDP Price Deflator: 1996 =100.

CPI: 1982-1984=100. Price index covers all urban consumers. Quarterly CPI is 3 month average.

National Interest Rates: 3 month average.

New Home Mortgage Yield: U.S. monthly average, not seasonally adjusted. Represents effective rate on conventional loans closed by major lenders. Rate is for newly-built homes. Effective interest rate is equal to the contract interest rate plus fees and charges amortized over a ten year period. Quarterly rates calculated as three month average.

Average Mortgage Rate: Average effective rate on conventional loans with approximate term to maturity of 30 years. Data is for the Seattle Consolidated Metropolitan Statistical Area (CMSA), which includes Kitsap, Thurston, Island, King, Snohomish, and Pierce counties.

**SOURCES:**

GDP figures from the Bureau of Economic Analysis national accounts data (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

CPI calculated by the Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

National Interest Rates from the Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/H15/>).

Mortgage rates from the Federal Housing Finance Board's Monthly Interest Rate Survey (<http://www.fhfb.gov/mirs.htm>).

## INDUSTRIAL MEASURES

	1998		1999		
	III	IV	I	II	III
<b>Producers' Durable Equipment</b>	870.6	908.5	935.7	960.9	1,009.2
<b>Changes in Non-Farm Inventories</b>	77.5	58.2	43.1	13.1	32.3
<b>Manufacturers' New Orders</b>	1,013.0	1,001.3	1,042.1	1,044.3	1,085.4
<b>Non-Defense Capital Goods Orders</b>	159.3	151.1	163.4	156.5	167.8
<b>Industrial Production</b>	128.2	132.6	132.7	134.0	135.2
<b>Capacity Utilization Rate</b>	81.3	80.9	80.3	80.4	80.5
<b>Manufacturing</b>	80.0	80.1	79.5	79.5	79.5

**NOTES:**

These figures measure industrial activity for the entire U.S. economy.

Producers' Durable Equipment and Changes in Non-Farm Inventories in billions of 1996 dollars, seasonally adjusted. Figures for second quarter 1999 have been revised. Figures for third quarter 1999 are advance estimates, released October 28, 1999.

Manufacturers' New Orders and Non-Defense Capital Goods Orders in billions of current dollars, seasonally adjusted. Figures for second quarter 1999 have been revised; figures for third quarter, 1999 are preliminary estimates, released November 3, 1999.

Industrial Production: 1992 = 100, seasonally adjusted. Quarterly figures are 3 month average.

Capacity Utilization Rate for all industries includes manufacturing, mining, and utilities.

**SOURCES:**

Producers' Durable Equipment and Changes in Non-Farm Inventories: Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

Manufacturers' New Orders and Non-Defense Capital Goods Orders: Census Bureau (<http://www.census.gov/indicator/www/table5p.txt>).

Industrial Production and Capacity Utilization Rate: Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/g17/Current/>).

## Regional Economic Indicators

	1998		1999		
	III	IV	I	II	III
<b>Consumer Price Index: Western U.S.</b>	164.7	165.7	166.9	168.7	169.5
<b>Consumer Price Index: Seattle CMSA</b>	168.8	169.4	171.1	172.5	173.7
<b>Port of Seattle</b>					
<b>Air freight (metric tons)</b>	74,027	77,698	66,152	76,169	79,889
<b>Water-borne freight (TEUs)</b>			373,345	380,992	350,533
<b>Air Passengers</b>	7,762,780	6,183,119	5,732,910	7,097,764	8,307,005
<b>Bankruptcies: Puget Sound Region</b>	4,289	4,205	4,192	4,286	3,902
<b>Bankruptcies: King County</b>	1,908	1,835	1,767	1,841	1,662
<b>New Business Starts: City of Seattle</b>	2,125	2,055	1,728	1,822	2,898
<b>Electrical Energy Usage: City of Seattle</b>	2,096,446	2,355,942	2,743,722	2,250,356	2,076,725

### NOTES:

CPI –U: Covers all urban consumers. 1982-1984 = 100. Data for selected local areas available on a bimonthly basis since 1998.

Quarterly figures for Seattle-Tacoma-Bremerton CMSA are extrapolated from bimonthly data.

New Business Starts consist of the total new business license accounts for the quarter.

Electrical Energy Usage in thousands of kilowatts billed.

### SOURCES:

CPI: Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

Waterborne Freight and Air Traffic: Port of Seattle (<http://www.portseattle.org>).

Bankruptcies: U.S. Bankruptcy Court.

New Business Starts: Seattle Department of Licensing.

Electrical Energy Usage: Seattle City Light.

## Convention Information: King County

	1998		1999		
	III	IV	I	II	III
<b># Conventions/Events</b>	138	133	157	156	106
<b># Room Nights</b>	175,123	123,023	181,501	179,167	122,417
<b>Room Nights per Event</b>	1,269	925	1,156	1,149	1,155
	1998		1999		
	II	III	IV	I	II
<b>Local Room Tax</b>	\$3,093,573	\$3,583,566	\$2,743,659	\$2,442,831	\$3,302,114
<b>Room Tax per Event</b>	\$22,256	\$25,968	\$20,629	\$15,559	\$21,167

### NOTES:

The figures for number of conventions and number of room nights are for all events booked at the convention center and area hotels. "Local Room Tax" includes Washington State hotel/motel tax distributions to Seattle-King County, exclusive of taxes collected in Bellevue. This is used as a proxy for delegate expenses. Quarterly figures indicate the months when room taxes were collected, not distributed, since distribution occurs two months after collection. For example, hotel/motel distributions for June reflect collections made in April. Second quarter 1999 figures are for taxes collected in April, May and June, and distributed in June, July and August.

### SOURCES:

Number of conventions/events and number of room nights: Seattle-King County Convention and Visitors Bureau

Hotel/Motel Tax Distributions: Washington State Department of Revenue

## Taxable Retail Sales

INDUSTRY	SIC	City of Seattle			King County		
		Q2 1999		CHANGE FROM Q2 1998	Q2 1999		CHANGE FROM Q2 1998
		UNITS	TAXABLE RETAIL SALES (\$)		UNITS	TAXABLE RETAIL SALES (\$)	
<b>RETAIL TRADE</b>	<b>52-59</b>	<b>6,528</b>	<b>\$1,285,460,462</b>	<b>11.0%</b>	<b>12,517</b>	<b>\$3,842,901,751</b>	<b>7.8%</b>
BUILDING MATERIALS/HARDWARE	52	240	72,807,147	7.5%	537	280,078,202	6.5%
Lumber/Bldg Material	521-522	101	35,743,880	13.8%	204	137,623,670	9.0%
Paint, Glass, Wallpaper	523	38	5,388,802	-4.6%	69	13,502,643	-1.8%
Hardware Stores	525	62	27,581,989	0.1%	146	96,725,221	3.9%
Nurseries/Garden Supplies	526	39	4,092,476	32.3%	108	30,443,751	11.6%
Mobile Home Dealers	527	-	-	-	10	1,782,917	-32.5%
GENERAL MERCHANDISE	53	40	86,832,866	-1.6%	86	399,807,196	5.9%
Department Stores	531	10	65,916,497	-4.0%	14	247,822,174	1.4%
Variety Stores	533	13	15,322,476	10.5%	30	115,090,648	10.0%
Other General Merchandise		17	5,593,893	-2.2%	42	36,894,374	29.4%
<b>FOOD</b>	<b>54</b>	<b>497</b>	<b>111,540,138</b>	<b>-1.0%</b>	<b>902</b>	<b>342,901,889</b>	<b>-1.6%</b>
Grocery Stores	541	345	105,071,606	0.7%	613	324,569,319	-1.5%
Fruit/Vegetable/Meat	542-543	21	552,169	-49.4%	37	3,045,515	-13.4%
Candy/Nut/Confectionery	544	11	336,844	-14.9%	19	645,025	-16.7%
Dairy Products	545	5	263,224	6.8%	15	712,349	25.4%
Bakeries	546	63	2,448,460	-8.1%	104	3,923,192	-3.0%
Other Food Stores		52	2,867,835	-25.2%	114	10,006,489	-2.6%
AUTO DEALERS/GAS STATIONS	55	404	250,173,503	14.7%	1,002	874,918,613	9.4%
Auto Dealers (New/Used)	551-552	106	172,451,032	13.8%	318	687,162,076	7.1%
Accessory Dealers	553	83	17,904,387	2.8%	200	58,638,667	4.7%
Service Stations	554	125	14,132,051	58.5%	332	48,941,101	58.4%
Marine/Aircraft, etc.		90	45,686,033	13.4%	152	80,176,769	12.0%
APPAREL/ACCESSORIES	56	333	95,250,229	25.1%	566	236,123,877	3.1%
Clothing	561-565	205	81,359,855	29.6%	346	198,537,689	4.4%
Shoes	566	37	7,103,477	3.6%	60	19,313,530	-1.5%
Other Accessories		91	6,786,897	4.1%	160	18,272,658	-5.2%
FURNITURE/FURNISHINGS/EQUIP.	57	868	135,807,285	19.4%	1,590	507,454,779	19.7%
Furniture	571	343	44,515,906	7.1%	635	164,633,134	16.6%
Appliances	572	40	3,245,941	-54.1%	100	28,499,172	-23.0%
Electronics/Music Stores	573	485	88,045,438	35.3%	855	314,322,473	27.9%
EATING/DRINKING PLACES	58	1,784	272,524,740	7.3%	3,405	571,852,090	6.1%
MISCELLANEOUS RETAIL STORES	59	2,362	260,524,554	14.6%	4,429	629,765,105	8.0%
Drug Stores	591	44	26,837,775	-2.4%	106	71,939,378	-6.6%
Miscellaneous Retail Stores	594	581	100,567,356	5.2%	1,090	258,604,119	5.0%
Nonstore Retailers	596	336	28,101,851	40.0%	641	65,932,838	0.0%
Fuel/Ice	598	24	10,225,030	22.3%	41	18,204,114	-7.0%
Other Retail Stores		1,377	94,792,542	25.1%	2,551	215,084,656	23.3%
<b>SERVICES</b>	<b>70-89</b>	<b>5,315</b>	<b>550,607,858</b>	<b>8.6%</b>	<b>10,455</b>	<b>1,238,829,515</b>	<b>8.0%</b>
HOTELS/MOTELS, ETC.	70	123	96,995,576	7.8%	280	195,562,990	6.6%
PERSONAL SERVICES	72	665	22,583,487	-1.2%	1,503	53,087,487	-1.5%
BUSINESS SERVICES	73	2,111	222,713,022	9.2%	3,688	456,468,281	7.9%
Computer Services	737	457	46,699,739	12.8%	826	107,113,705	14.5%
AUTOMOTIVE REPAIR/SERVICES	75	692	96,359,231	7.5%	1,590	290,061,581	7.3%
OTHER SERVICES		1,724	111,956,542	11.2%	3,394	243,649,176	12.8%
<b>CONTRACTING</b>	<b>15-17</b>	<b>4,942</b>	<b>535,318,990</b>	<b>19.1%</b>	<b>8,864</b>	<b>1,378,520,633</b>	<b>16.3%</b>
<b>MANUFACTURING</b>	<b>19-39</b>	<b>938</b>	<b>94,419,152</b>	<b>13.4%</b>	<b>1,740</b>	<b>226,845,799</b>	<b>-5.3%</b>
<b>TRANSPORTATION/COMM./UTILITIES</b>	<b>40-49</b>	<b>459</b>	<b>197,035,149</b>	<b>10.8%</b>	<b>698</b>	<b>436,550,678</b>	<b>12.7%</b>
<b>WHOLESALE</b>	<b>50-51</b>	<b>2,762</b>	<b>415,738,543</b>	<b>10.7%</b>	<b>4,588</b>	<b>1,102,659,935</b>	<b>0.7%</b>
<b>FINANCE/INSURANCE/REAL ESTATE</b>	<b>60-67</b>	<b>318</b>	<b>53,084,701</b>	<b>4.7%</b>	<b>557</b>	<b>132,415,220</b>	<b>6.9%</b>
<b>OTHER BUSINESS</b>	<b>0-14/90's</b>	<b>918</b>	<b>22,463,653</b>	<b>8.1%</b>	<b>1,688</b>	<b>81,706,022</b>	<b>14.6%</b>
<b>TOTAL ALL INDUSTRIES</b>		<b>22,180</b>	<b>\$3,154,128,508</b>	<b>11.8%</b>	<b>41,107</b>	<b>8,440,429,553</b>	<b>8.0%</b>

### NOTES:

Quarterly taxable retail sales data released with a lag of up to 6 months. Units are number of businesses reporting taxable retail sales.

### SOURCE:

Taxable Retail Sales: *Quarterly Business Review*, Department of Revenue, Washington State (<http://www.dor.wa.gov>).

### Civilian Labor Force: King County

	1998		1999		
	III	IV	I	II	III
<b>Civilian Labor Force</b>	1,030,200	1,043,100	1,036,933	1,033,200	1,044,900
<b>Employed</b>	999,667	1,012,000	1,002,867	1,001,633	1,011,300
<b>Unemployed</b>	30,533	31,100	34,067	31,567	33,600
<b>Unemployment Rate</b>	3.0%	3.0%	3.3%	3.1%	3.2%
<b>Unemployment Rate: WA State</b>	4.3%	4.8%	5.4%	4.5%	4.5%
<b>Unemployment Rate: United States</b>	4.6%	4.1%	4.6%	4.3%	4.2%

### Unemployment: King County

	1998		1999		
	II	III	IV	I	II
<b>Initial UE Claims</b>	4,461	4,972	5,266	6,090	5,115
<b>Unemployment Beneficiaries</b>	17,554	16,637	16,994	21,246	20,430
<b>Manufacturing</b>	2,955	2,845	3,055	4,163	5,349
<b>Food Processing</b>	881	754	677	626	690
<b>Forestry &amp; Wood Products</b>	110	81	92	125	78
<b>Pulp &amp; Paper</b>	76	51	39	63	101
<b>Metals &amp; Machinery</b>	474	480	569	702	733
<b>Aerospace</b>	152	152	271	1,038	2,409
<b>Other Manufacturing</b>	1,261	1,328	1,407	1,610	1,338
<b>Non-Manufacturing</b>	14,599	13,792	13,939	17,083	15,749
<b>Construction</b>	2,357	1,540	2,041	3,073	2,246
<b>TCU</b>	1,314	1,363	1,115	1,401	1,220
<b>Wholesale &amp; Retail Trade</b>	3,642	3,491	3,367	4,017	4,462
<b>FIRE</b>	908	882	912	949	979
<b>Services</b>	5,085	5,342	5,156	6,111	5,651
<b>Government</b>	475	462	519	587	455
<b>Other Services</b>	818	714	829	945	736

**NOTES:**

Civilian Labor Force consists of workers who live in the region in question. (based on household survey).

Initial unemployment claims figures are average new claims per month for the quarter; the number of unemployment beneficiaries per quarter is also a three-month average.

**SOURCE:**

*Washington State Labor Area Summaries*, Washington State Employment Security, Labor Market and Economic Analysis Branch.

## Nonagricultural Employment: Seattle PMSA

	1998		1999		
	III	IV	I	II	III
<b>Non-Agricultural Employment</b>	1,360,000	1,374,233	1,352,433	1,377,733	1,385,200
<b>Goods Producing</b>	306,533	303,600	294,833	293,000	298,600
<b>Services Producing</b>	1,053,467	1,070,633	1,057,600	1,089,300	1,076,033
 <b>Mining</b>	700	700	700	700	700
<b>Construction</b>	76,400	75,267	69,600	75,367	81,167
<b>Manufacturing</b>	229,433	227,633	224,533	216,633	212,667
<b>Durable Goods</b>	184,567	183,767	180,133	172,900	168,200
<b>Nondurable Goods</b>	44,867	43,867	44,400	43,733	44,467
<b>Transportation, Communications &amp; Utilities</b>	81,267	81,567	80,900	83,033	84,133
<b>Wholesale &amp; Retail Trade</b>	320,700	324,867	314,533	323,167	328,833
<b>FIRE</b>	82,000	83,033	83,200	85,600	85,900
<b>Services</b>	393,600	395,700	391,100	401,367	405,933
<b>Government</b>	175,900	185,467	187,867	191,867	185,867

### NOTES:

Non-Agricultural Employment consists of workers who work in the region in question. (based on establishment survey).  
 Seattle PMSA includes King, Snohomish, and Island Counties. The proportion of annual average total employment represented by each is approximately 83%, 16%, and 1%, respectively.  
 All quarterly figures are three-month averages.

### SOURCE:

*Washington State Labor Area Summaries*, Washington State Employment Security, Labor Market and Economic Analysis Branch.

## Seattle-King County Dislocation Activity

June - September 1999

Company	Location	Occupation	No. of Workers
Boeing Co.	King, Pierce & Snohomish Counties	All job classifications	3409
Thomas & Betts	Kent	Electronics manufacturing	250
Crescent/U.S. Mat	Woodinville	Manufacturing	127
WOSCA Transportation	Kent	Warehouse, drivers & office support	117
Eldec	Lynnwood	Aerospace manufacturing	100
K & N Meats	Renton & Kent	Warehouse, drivers & office support	100
Qualex, Inc.	Kent	Photo-finishing	95
Kendall Company	Bothell	Manufacturing	94
Metawave Communications	Redmond	Telecommunications equipment production	70
Jay Jacobs	Seattle	Office & distribution	65
Seattle Times	Seattle	Warehouse & drivers	38
Reliance Insurance Co.	Kent	Customer service	35
Electrolmact Co.	Redmond	Electronics production	15
First Union Mortgage	Bellevue	Customer service	15
Budget Rent A Car	SeaTac	Customer service	12
Omni Enterprises	Kirkland	Office support	7
June - September 1999	16 Companies		4,549 Dislocated Workers
1999 Year-to-date	47 Companies		15,236 Dislocated Workers
1998	56 Companies		7,259 Dislocated Workers

**SOURCE:** King County Reemployment Support Center

### Boeing Employees in Washington State

1989	1990	1991	1992	1993	1994	1995	1996	1997
106,670	104,515	104,700	98,603	88,890	81,964	71,834	87,769	103,400
	<b>1998 I</b>	<b>1998 II</b>	<b>1998 III</b>	<b>1998 IV</b>	<b>1999 I</b>	<b>1999 II</b>	<b>1999 III</b>	
	103,500	104,000	101,400	98,440	90,400	86,600	83,300	

**NOTES:**

For quarterly totals, data reflects the number of employees at the end of the quarter. Boeing employees in Washington state represent approximately 40 percent of the company's U.S.-based workforce (including contingent labor and those employed by subsidiaries).

**SOURCE:**

The Boeing Company (<http://www.boeing.com>)

### Boeing Contractual Backlogs

	1998 III	1998 IV	1999 I	1999 II	1999 III
<b>Commercial Airplanes</b>	92.9	86.1	84.1	76.9	75.7
<b>Military Aircraft and Missiles</b>	18.1	17.0	20.1	18.0	16.5
<b>Space and Communications</b>	9.5	9.8	9.6	9.5	8.7
<b>Total</b>	120.5	112.9	113.8	104.4	100.9

**NOTES:**

Boeing contractual backlogs in billions of U.S. dollars.

**SOURCE:**

The Boeing Company (<http://www.boeing.com>)

### U.S. Airlines Net Profit

1994	1995	1996	1997	1998
-344	2,377	2,804	5,195	4,894

**NOTES:**

U.S. airlines net profit in millions of U.S. dollars.

ATA member airlines transport over 95 percent of all passengers and cargo traffic in the United States.

**SOURCE:**

Air Transport Association *Annual Report 1998* ([www.air-transport.org](http://www.air-transport.org))

### Per Capita Disposable Personal Income: United States

1998			1999	
III	IV	I	II	III
\$22,716	\$22,924	\$23,110	\$23,239	\$23,322

### Monthly Average Wage by Industry: King County

	1997	1998			
	IV	I	II	III	IV
<b>Overall Average</b>	\$3,235	\$3,398	\$3,358	\$3,384	\$3,612
<b>Agriculture, Forestry, Fishing</b>	\$2,733	\$2,369	\$2,430	\$2,114	\$2,729
<b>Mining</b>	\$4,084	\$3,260	\$3,447	\$3,751	\$4,248
<b>Construction</b>	\$3,357	\$2,985	\$3,106	\$3,214	\$3,518
<b>Manufacturing</b>	\$3,946	\$3,597	\$3,768	\$3,718	\$4,176
<b>Transportation and Public Utilities</b>	\$3,443	\$3,969	\$3,367	\$3,362	\$3,741
<b>Wholesale Trade</b>	\$3,740	\$3,748	\$3,622	\$3,670	\$4,060
<b>Retail Trade</b>	\$1,698	\$1,675	\$1,708	\$1,749	\$1,886
<b>FIRE</b>	\$4,051	\$4,347	\$3,800	\$3,859	\$4,277
<b>Services</b>	\$3,521	\$4,110	\$4,112	\$4,183	\$4,247
<b>Government</b>	\$2,939	\$2,968	\$3,025	\$3,005	\$3,200

#### NOTES:

Per Capita Disposable Personal Income: Values are in 1996 dollars at seasonally adjusted annual rates. Data is from the revised National Income and Products Accounts newly benchmarked to 1996. Earlier reports using 1992 figures are not comparable. Wages: Average of monthly wages per worker by industry. Figures are lagged six months or more due to reporting delay.

#### SOURCES:

Per Capita Disposable Income comes from the U.S. Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/nipubl-d.html>). Wages: *Employment and Payrolls in Washington State by County and Industry* (Washington State Employment Security).

## Construction

### City of Seattle

	1998			1999	
	III	IV	I	II	III
<b>Residential Construction</b>	\$120,586,928	\$120,910,231	\$89,291,828	\$146,410,493	\$92,315,114
<b>Non-Residential Construction</b>	\$225,724,409	\$117,619,315	\$273,824,670	\$330,694,235	\$333,585,384
<b>Building Permits</b>					
Commercial and Industrial	857	655	642	748	754
Existing Housing Units	797	524	513	823	856
New Residential Permits	151	239	135	164	198
New Residential Units	927	1,032	810	1,157	928

### King County

	1998			1999	
	III	IV	I	II	III
<b>Home Sales: New &amp; Existing</b>					
# of Sales	6,756	5,590	4,752	6,980	6,922
Days on Market	34	37	42	38	35
Average Sales Price	\$265,635	\$265,293	\$275,428	\$286,426	\$303,110
Median Sales Price	\$217,398	\$218,403	\$225,825	\$229,650	\$239,588
<b>Home Sales: New Construction</b>					
# of Sales	410	484	582	864	671
Days on Market	85	77	77	84	88
Average Sales Price	\$293,199	\$311,760	\$330,934	\$327,040	\$370,076
Median Sales Price	\$261,266	\$277,374	\$289,550	\$270,947	\$289,828

#### NOTES:

The number of commercial and industrial permits is estimated by subtracting from the total number permits for residential construction, schools, churches, and other permit activity.

#### SOURCES:

City of Seattle Department of Construction and Land Use, *Issued Building Development Permits* (monthly reports).  
Home sales data comes from the Northwest Multiple Listing Service.

## Office Market

### Seattle Overall

	1998			1999	
	III	IV	I	II	III
<b>Total Square Feet</b>	36,988,185	37,732,977	38,149,402	38,207,413	38,562,628
<b>No. of Buildings</b>	450	458	-	-	-
<b>Vacant Square Feet</b>	1,989,911	1,633,065	2,261,078	1,307,978	1,642,137
<b>Vacancy Rates</b>	5.4%	4.3%	5.7%	3.4%	4.3%
<b>Under Construction (Sq. Ft.)</b>	1,818,754	2,450,015	2,952,735	2,872,707	3,435,065
<b>Absorption (Sq. Ft.)</b>	502,186	939,187	-114,513	224,030	301,602

### Downtown Seattle

	1998			1999	
	III	IV	I	II	III
<b>Total Square Feet</b>	27,221,087	27,657,881	28,092,099	28,067,099	28,315,014
<b>No. of Buildings</b>	214	217	-	220	222
<b>Vacant Square Feet</b>	1,357,797	1,045,827	1,303,473	993,575	741,853
<b>Vacancy Rates</b>	5.0%	3.8%	4.6%	3.5%	2.6%
<b>Under Construction (sq. ft.)</b>	1,778,754	2,410,015	2,376,735	2,336,407	2,889,825
<b>Absorption (sq. ft.)</b>	251,432	636,653	288,744	284,122	257,121

#### **Median Lease Rate (per sq.ft.)**

Class A	\$27.00	\$27.00	\$28.50	\$29.50	\$31.50
Class B	\$20.00	\$20.00	-	\$21.00	\$23.50
Class C	\$18.00	\$18.00	-	\$17.50	\$19.50

#### **Vacancy Rate**

Class A	3.8%	3.4%	-	3.7%	2.6%
Class B	5.9%	5.8%	-	3.2%	2.4%
Class C	9.5%	2.1%	-	2.7%	3.5%

#### **NOTES:**

"Seattle Overall" consists of Downtown, Northend, Southend, and Tacoma/Federal Way.

"Downtown Seattle" consists of the Canal, CBD, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Office Market

### North King County

	1998		1999		
	III	IV	I	II	III
<b>Total Square Feet</b>	1,135,559	1,135,559	1,135,559	1,135,559	1,135,559
<b>No. of Buildings</b>	24	24	24	24	24
<b>Vacant Square Feet</b>	32,934	12,480	13,627	15,330	20,667
<b>Vacancy Rates</b>	2.9%	1.1%	1.2%	1.4%	1.8%
<b>Under Construction (sq. ft.)</b>	0	0	0	0	0
<b>Absorption (sq. ft.)</b>	96,712	20,454	-55,803	-1,654	-5,380
<b>Median Lease Rate (per sq.ft.)</b>					
Class A	\$19.50	\$19.50	\$19.27	\$19.13	\$20.60
Class B	\$18.50	\$18.50	-	-	-
<b>Vacancy Rate</b>					
Class A	2.5%	1.2%	-	-	-
Class B	4.8%	0.4%	-	-	-

### South King County

	1998		1999		
	III	IV	I	II	III
<b>Total Square Feet</b>	5,243,575	5,450,136	5,462,343	5,557,354	5,632,654
<b>No. of Buildings</b>	124	127	-	-	-
<b>Vacant Square Feet</b>	407,804	373,195	672,414	562,960	497,927
<b>Vacancy Rates</b>	7.8%	6.8%	12.3%	10.1%	8.8%
<b>Under Construction (sq. ft.)</b>	40,000	40,000	355,000	315,300	302,240
<b>Absorption (sq. ft.)</b>	115,164	195,830	-241,592	-30,857	140,010
<b>Median Lease Rate (per sq.ft.)</b>					
Class A	\$18.00	\$18.00	\$17.24	\$17.46	\$18.34
Class B	\$15.50	\$15.50	-	-	-
<b>Vacancy Rate</b>					
Class A	4.2%	3.9%	-	-	-
Class B	13.8%	13.7%	-	-	-

## Office Market

### Bellevue/Eastside

	1998			1999	
	III	IV	I	II	III
<b>Total Square Feet</b>	15,828,081	17,776,366	17,985,544	19,095,242	19,671,493
<b>No. of Buildings</b>	292	315	-	336	343
<b>Vacant Square Feet</b>	282,737	299,097	435,250	713,792	842,013
<b>Vacancy Rates</b>	1.8%	1.7%	1.8%	3.7%	4.3%
<b>Under Construction (sq. ft.)</b>	3,321,828	2,495,379	2,500,700	3,612,543	4,709,508
<b>Absorption (sq. ft.)</b>	126,971	1,221,540	236,797	743,758	389,491
<b>Average Lease Rate (per sq.ft.)</b>					
Class A	\$24.50	\$26.00	\$25.37	\$26.00	\$26.00
Class B	\$21.50	\$24.50	-	\$22.00	\$22.00
Class C	\$17.50	\$17.50	-	\$17.00	\$17.00
<b>Vacancy Rate</b>					
Class A	1.6%	1.9%	-	4.3%	4.6%
Class B	1.4%	1.2%	-	2.6%	4.0%
Class C	2.3%	1.0%	-	0.7%	0.6%

**NOTES:**

"North King County" consists of the area north of the Ship Canal up to the King County line.

"South King County" consists of the area south of the Kingdome to the King County line, excluding Federal Way.

"Bellevue/Eastside" consists of all of King County directly east of Lake Washington, plus that portion of Bothell extending into Snohomish County.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Industrial Market

### Seattle

	1998			1999	
	III	IV	I	II	III
<b>Total Square Footage</b>	74,181,339	74,345,715	75,168,465	70,930,026	71,016,568
Industrial	72,960,927	73,125,303	73,948,053	69,741,261	69,827,803
High-Tech	1,220,412	1,220,412	1,220,412	1,188,765	1,188,765
<b>Vacancy Rate</b>					
Pure Industrial	1.8%	1.6%	1.6%	1.8%	1.7%
High-Tech	3.6%	3.6%	1.3%	2.3%	2.5%
<b>Total Vacant (sq. ft.)</b>	1,377,065	1,235,389	1,199,156	1,310,581	1,216,673
Pure Industrial	1,333,618	1,191,942	1,183,169	1,283,239	1,187,073
High-Tech	43,447	43,447	15,987	27,342	29,600
<b>Lease Rates (per sq. ft./mo.)</b>					
Pure Industrial	\$0.60-0.65	\$0.60-0.65	\$0.50	\$0.45	\$0.45
High-Tech	\$0.65-1.00	\$0.65-1.00	\$0.82	\$0.82	\$0.82
<b>Absorption (sq. ft.)</b>	346,174	306,690	73,587	245,152	93,071

**NOTES:**

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Pure Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Seattle" stretches from the King/Snohomish line south to Tukwila.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Industrial Market

### Kent Valley

	1998			1999	
	III	IV	I	II	III
<b>Total Square Footage</b>	84,545,249	84,911,376	84,849,635	85,067,093	85,570,159
Industrial	82,711,085	83,077,212	83,015,471	83,252,435	83,755,501
High-Tech	1,834,164	1,834,164	1,834,164	1,814,658	1,814,658
<b>Vacancy Rate</b>					
Pure Industrial	5.7%	5.7%	5.7%	5.6%	4.8%
High-Tech	13.7%	15.0%	15.6%	7.4%	6.8%
<b>Total Vacant (sq. ft.)</b>	4,997,366	5,027,325	5,018,195	4,829,722	4,177,707
Pure Industrial	4,745,727	4,752,017	4,731,882	4,695,437	4,053,766
High-Tech	251,639	275,308	286,313	134,285	123,941
<b>Lease Rates (per sq. ft./mo.)</b>					
Pure Industrial	\$0.28-0.34	\$0.28-0.37	\$0.32	\$0.33	\$0.33
High-Tech	\$0.75-1.15	\$0.75-1.15	\$0.95	\$0.95	\$0.95
<b>Absorption (sq. ft.)</b>	842,220	54,493	279,464	-355,945	1,398,338

**NOTES:**

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Pure Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Kent Valley" is defined as Tukwila, Renton, Kent, Auburn and SeaTac.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Industrial Market

### Eastside

	1998			1999	
	III	IV	I	II	III
<b>Total Square Footage</b>	20,761,288	19,874,821	20,271,280	20,334,569	20,560,153
Industrial	15,607,674	15,412,893	15,689,214	15,855,848	16,016,009
High-Tech	5,153,614	4,461,928	4,582,066	4,478,721	4,544,144
<b>Vacancy Rate</b>					
Pure Industrial	4.3%	3.7%	5.4%	5.7%	5.6%
High-Tech	5.2%	2.5%	2.2%	0.7%	2.6%
<b>Total Vacant (sq. ft.)</b>	933,203	683,610	949,786	931,963	1,010,932
Pure Industrial	665,657	570,277	850,355	900,612	893,693
High-Tech	267,546	113,333	99,431	31,351	117,239
<b>Lease Rates (per sq. ft./mo.)</b>					
Pure Industrial	\$0.45-0.65	\$0.45-0.65	\$0.55	\$0.55	\$0.60
High-Tech	\$1.00-1.30	\$1.00-1.30	\$1.20	\$1.20	\$1.25
<b>Absorption (sq. ft.)</b>	-371,247	288,104	258,498	252,595	136,939

**NOTES:**

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Pure Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Eastside" consists of the east side of Lake Washington, King/Snohomish County Line south to Renton City Limits.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Retail Market

Puget Sound Area	1997		1998		1999
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Footage	57,680,961	60,439,311	62,536,242	59,030,357	60,597,201
Total Vacant	3,692,585	3,727,557	4,195,059	2,613,436	3,387,384
Vacancy Rates	6.4%	6.2%	6.7%	4.4%	5.6%
Absorption (sf)	1,360,265	2,826,650	1,629,429	6,442,336	561,033

Puget Sound consists of the downtown Seattle, Northend, Southend, Eastside, and Kitsap Markets.

Downtown Seattle	1997		1998		1999
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	3,627,914	3,627,914	3,686,414	4,558,469	4,558,469
Total Vacant	81,969	92,708	101,172	114,678	131,740
Vacancy Rates	2.3%	2.6%	2.7%	2.5%	2.9%
Rental Rates	\$22.78	\$27.03	\$26.60	\$25.16	\$26.29
Absorption (sf)	62,781	-10,739	50,036	847,549	8,243

The Ship Canal south to the West Seattle Bridge including the Central Business District, Denny Regrade, Lower Queen Anne, Pioneer Square, West Lake Union, Capitol Hill and the Central District.

Northend	1997		1998		1999
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	14,419,662	15,317,492	15,513,322	15,152,425	15,803,346
Total Vacant	782,182	711,080	849,089	678,490	933,978
Vacancy Rates	5.4%	4.6%	5.5%	4.5%	5.9%
Rental Rates	\$13.03	\$14.81	\$11.96	\$13.15	\$11.19
Absorption (sf)	323,675	1,085,416	57,821	747,419	12,752

Northend is defined as North Seattle from Ship Canal up through Snohomish and Northern Counties.

Southend	1997		1998		1999
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	26,721,964	27,540,484	28,285,213	27,509,392	27,894,915
Total Vacant	1,968,671	2,032,407	2,139,346	1,344,928	1,860,591
Vacancy Rates	7.4%	7.4%	7.6%	4.9%	6.7%
Rental Rates	\$12.29	\$10.61	\$11.78	\$14.65	\$15.07
Absorption (sf)	719,765	754,784	637,790	2,424,513	265,823

"Southend" is South Seattle through Pierce and Thurston Counties.

Bellevue/Eastside	1997		1998		1999
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	9,861,030	10,529,030	11,626,902	11,810,071	12,340,471
Total Vacant	476,879	515,084	696,958	475,340	457,831
Vacancy Rates	4.8%	4.9%	6.0%	4.0%	3.7%
Rental Rates	\$14.72	\$22.55	\$15.24	\$17.32	\$19.92
Absorption (sf)	111,466	629,795	915,998	761,210	274,215

All of King County east of Lake Washington, including Bellevue, Kirkland, Redmond, Issaquah, Bothell and Mercer Island.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

## Apartment Vacancy Rates

	1997		1998		1999
	First Half	Second Half	First Half	Second Half	First Half
<b>Seattle/North King</b>	<b>1.2%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.7%</b>	<b>2.3%</b>
Capitol Hill/Eastlake	0.9%	1.9%	1.9%	1.4%	1.1%
Central District	1.0%	1.7%	0.5%	-	2.2%
Downtown/First Hill	1.6%	0.8%	0.8%	1.7%	2.2%
Magnolia/Queen Anne	0.4%	1.3%	1.2%	1.8%	2.5%
North Seattle	0.0%	1.5%	1.2%	1.2%	1.1%
Sandpoint	0.0%	0.0%	0.0%	0.5%	1.8%
South Seattle	1.0%	1.1%	-	1.0%	3.2%
University District	3.7%	0.8%	1.0%	0.5%	2.7%
West Seattle	1.6%	1.7%	1.1%	0.6%	3.2%
<b>South King County</b>	<b>3.0%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>3.0%</b>
Auburn	5.4%	2.3%	1.1%	2.4%	4.4%
Burien/Des Moines	3.2%	2.0%	1.2%	1.6%	3.0%
Federal Way	3.5%	2.0%	1.9%	2.0%	3.2%
Kent	3.2%	1.6%	1.7%	2.2%	2.1%
Renton	1.5%	1.9%	1.9%	1.4%	3.5%
Sea-Tac/Tukwila	2.7%	1.8%	1.8%	1.4%	3.0%
<b>East King County</b>	<b>1.0%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>2.7%</b>
Bellevue	0.8%	0.9%	1.0%	1.4%	2.4%
Bothell/Woodinville	0.5%	1.8%	1.6%	3.2%	2.8%
Issaquah/North Bend	2.2%	1.0%	1.8%	1.5%	3.1%
Kirkland	1.3%	1.2%	1.7%	1.9%	3.8%
Redmond	1.2%	0.8%	1.7%	1.0%	2.1%
<b>Snohomish County</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.8%</b>	<b>3.8%</b>
Edmonds	1.0%	1.4%	0.7%	0.9%	2.4%
Everett	1.9%	1.7%	1.1%	1.8%	2.9%
Lynnwood	1.3%	1.0%	1.0%	2.4%	2.8%
Marysville	0.0%	2.1%	1.7%	0.0%	7.7%
Mountlake Terrace	0.3%	0.8%	0.8%	1.8%	4.1%
<b>Pierce County</b>	<b>6.0%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>3.3%</b>	<b>3.2%</b>
Fircrest	4.7%	4.2%	6.2%	3.2%	3.6%
Gig Harbor	4.2%	6.4%	3.6%	5.1%	4.5%
Lakewood	6.9%	6.1%	5.3%	3.6%	3.3%
Puyallup	4.9%	3.0%	3.7%	1.4%	3.3%
Tacoma	6.4%	5.0%	4.5%	2.3%	2.7%

SOURCE: CB Richard Ellis *Quarterly Market Reports*

# Sources for Quarterly Economic Measures

**AIR TRANSPORT ASSOCIATION** is the source for airline industry profits. Their World Wide Web address is <http://www.air-transport.org/>.

**BOEING** is the source for Boeing employment and for their backlog of airplane orders. Their World Wide Web address is <http://www.boeing.com/>.

**CB COMMERCIAL QUARTERLY MARKET REPORT** is a quarterly publication of Coldwell Bankers' commercial division. It contains data on industrial, commercial, retail and apartment properties.

**CITY OF SEATTLE DEPARTMENT OF CONSTRUCTION AND LAND USE** sends out an "Issued Permit Data" report every month. It contains the number of permits issued and the value of permitted construction.

**EMPLOYMENT AND PAYROLLS IN WASHINGTON STATE BY COUNTY AND INDUSTRY** is published by Washington State Employment Security. It contains wages paid and employment levels for industries by county. It has a lag of about one year.

**FEDERAL HOUSING FINANCE BOARD** is the source for the national new home mortgage yield. Their web address is <http://www.fhfb.gov/mirs.htm>.

**FEDERAL RESERVE** is the source for the bulk of national interest rates, as well as industrial production and capacity utilization figures. Their World Wide Web address is <http://www.bog.frb.fed.us/releases/H15/>.

**KING COUNTY REEMPLOYMENT SUPPORT CENTER** is a core program of the Worker Center and is the source for worker layoff data.

**PORT OF SEATTLE** is the source for air and waterborne freight shipment data, as well as passenger traffic.

**QUARTERLY BUSINESS REVIEW** is published quarterly by the Washington State Dept. of Revenue. It lists the amount of taxable retail sales by industry by county. The data has a lag of around six months.

**SEATTLE CITY LIGHT** tabulates electrical sales in a monthly revenue report.

**SEATTLE DEPARTMENT OF REVENUE** is the source for new business starts. It is measured by the number of business licenses issued.

**SEATTLE-KING COUNTY CONVENTION AND VISITORS BUREAU** is the source for the bulk of convention information. The exception is for local room tax, which comes from the Washington Dept. of Revenue.

**SEATTLE TIMES BUSINESS SECTION (from MARKET TRENDS RESEARCH CO.)** publishes a table of local interest rates every Monday called "Money/Database."

**U.S. BANKRUPTCY COURT** tracks the number and type of bankruptcies and tabulates them monthly.

**U.S. BUREAU OF ECONOMIC ANALYSIS** is the source for many of the national economic measures. Their web site is <http://www.bea.doc.gov>.

**U.S. CENSUS BUREAU** is the source for manufacturers' new orders and non-defense capital goods orders. Their web site is <http://www.census.gov/indicator/www/table5p.txt>.

**WASHINGTON DEPT. OF REVENUE** publishes *Local Tax Distributions* every two months. This is the source for local room tax.

**WASHINGTON STATE LABOR AREA SUMMARIES** is published monthly by Washington State Employment Security. It contains both labor statistics and price index data. It has a lag of one to two months.